

Worksheet 6

3.2 Occupations and earnings

1. Match the following economic terms and concepts with their definitions.

A Net advantages

B Piece rate

C Occupational
immobility of labour

D Compensating
differential

E Basic wage

F Labour market

- A guaranteed level of earnings for an employee, excluding any overtime or performance-related pay ☐
- The balance of all the advantages and disadvantages of a particular job or occupation people will consider in deciding whether or not to supply their labour ☐
- Any set of arrangements that brings together all those people willing and able to supply their labour with organizations that want to hire labour ☐
- The inability of workers to move easily from one occupation to another because they lack the skills required for the other job ☐
- A fixed payment to labour for each unit of output produced ☐
- A wage premium designed to make up for non-wage features of a job that will otherwise be unattractive to potential employees ☐

2. Which of the following are wage factors and non-wage factors that will affect the attractiveness of different occupations to people seeking paid employment?

Hours of work

Overtime pay

Leave allowance

Cost of travel to and
from the workplace

Free medical insurance

Annual performance

Use of company car

Profit sharing

Training provision

3. Suggest two reasons why a worker might be prepared to work for low wages.

i)

ii)

.....

4. Explain why the demand for labour is described as derived demand.

.....

5. Which of the following changes are likely to (i) reduce the demand for labour by car manufacturers (ii) increase the supply of car manufacturing workers?

A new law increases the
minimum leave entitlement
from 4 to 6 weeks

Pay and conditions in other
manufacturing industries deteriorate

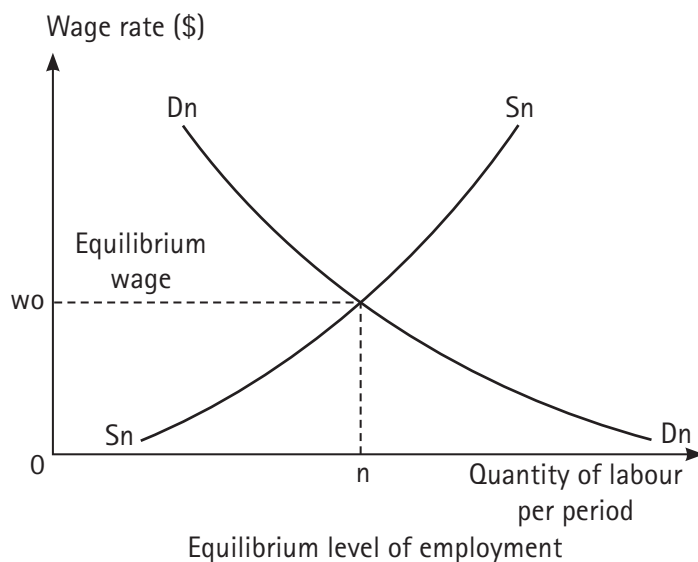
The cost of new computer
controlled industrial robots falls

Labour productivity falls

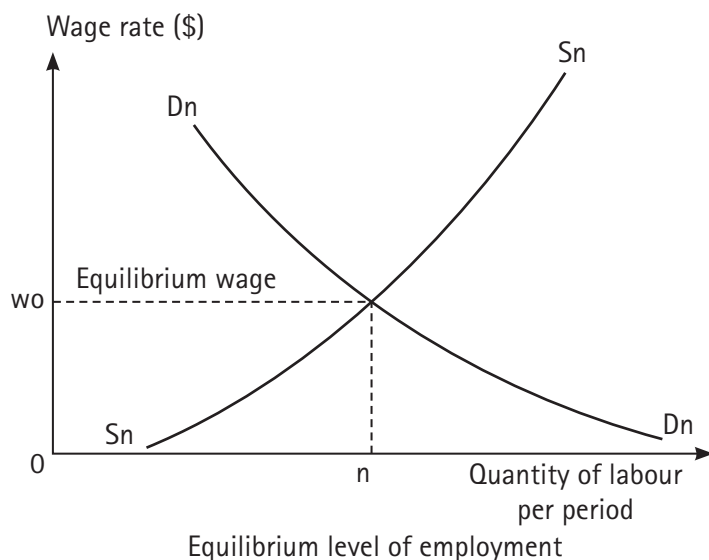
Consumer demand for cars and
trucks falls

Income tax rates are cut

6. Show the impact of a fall in the demand for car manufacturing workers in the diagram below.



7. A trade union has restricted the supply of labour to the passenger rail industry by insisting all employees join the union but must first undergo 12 months unpaid training at college. Show the impact of this change in the diagram below.



8. In some countries, a surgeon can earn \$250,000 or more each year. A nurse may earn just \$40,000 in comparison. Suggest three reasons for this differential in earnings.

- i)
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- ii)
- iii)